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SEVEN CHARGED IN CONNECTION WITH NATIONWIDE MULTI-MILLION DOLLAR MORTGAGE FRAUD SCHEME

Operators of Scheme Claimed Affiliation with HAMP, TARP's Housing Support Program

WASHINGTON, DC - Christy Romero, the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP"), and Preet Bharara, the United States Attorney for the Southern District of New York, today announced the unsealing of an Indictment in Manhattan federal court on Wednesday charging Guy Samuel, the co-owner of a company that purported to provide mortgage modification services, and four former employees of the company, Anthony Blackwell, Angel Gonzalez, Jonathan Lyons, and Aren Goldfaden, for their alleged participation in a multimillion-dollar scheme that victimized more than 500 financially struggling homeowners across the country. The defendants were arrested on Wednesday and were presented in Manhattan federal court before U.S. Magistrate Judge Frank Maas. The case is assigned to U.S. District Judge George B. Daniels.

Also unsealed on Wednesday were the guilty pleas of Scott Schreiber and Darrell Keys in connection with their participation in the scheme. Schreiber pled guilty pursuant to an Information before U.S. District Judge Robert P. Patterson on October 16, 2013, and Keys pled guilty pursuant to an Information before U.S. District Judge Robert W. Sweet on September 19, 2013.

Special Inspector General for TARP Christy Romero said: "Samuel and his coconspirators stand charged with ripping off struggling homeowners desperately trying to keep a roof over their heads in the midst of the nation's housing crisis. They allegedly claimed their 'business' was affiliated with TARP's housing program, HAMP, and instructed victims to stop paying their mortgages immediately, transfer thousands of dollars in upfront fees to their company in exchange for false promises of a guaranteed mortgage modification, and cease all communication with their mortgage lenders. After allegedly swindling more than 500 struggling homeowners nationwide out of \$2.3 million in ill-gotten proceeds, Samuel refused to provide refunds to victims for whom he and others did little if any work. Instead, Samuel purportedly spent hundreds of thousands of dollars on vacations, entertainment, and personal expenses. I commend U.S. Attorney Bharara and his team for their efforts in prosecuting this case, and let this be a warning to anyone allegedly engaged in fraud related to TARP; if guilty, you will be held accountable and brought to justice by SIGTARP and our law enforcement partners."

Manhattan U.S. Attorney Preet Bharara said: "As alleged, these defendants told one lie after another, purporting to help struggling homeowners looking for an end to their financial troubles but instead defrauding them out of millions. This Office has zero tolerance for those who would target already distressed borrowers in hopes of turning a profit at their expense, and we will continue to work to hold these and like-minded defendants accountable."

According to the allegations contained in the Indictment, the Informations unsealed on Wednesday, and statements made in related proceedings:

From approximately January 2009 to June 2011, the defendants perpetrated a scheme to defraud homeowners who were in danger of losing their homes because they could not afford to pay their residential mortgages. Through a company located in Long Island, New York (“Company-1”), and its successor companies (the “Mortgage Modification Companies”), the defendants and other employees falsely promised to help financially struggling residential mortgage holders refinance their mortgages for lower interest rates and monthly payments. Despite the defendants’ claims, however, the Mortgage Modification Companies delivered little or no service to their customers, diverting most, if not all, of the customers’ payments to the Mortgage Modification Companies’ owners and employees rather than using those funds to assist customers in procuring mortgage modifications. Through their scheme, the Mortgage Modification Companies obtained at least \$2.3 million from more than 500 homeowners throughout the United States.

The Mortgage Modification Companies charged customers thousands of dollars in up-front fees—in violation of New York State law—and made fraudulent claims about the companies’ services, including that the Mortgage Modification Companies guaranteed that they would either: (i) secure a mortgage modification that would result in a significant reduction in the customer’s interest rate and/or monthly payments; or (ii) provide the customer’s money back. Through the Mortgage Modification Companies, the defendants and other employees also falsely claimed to be affiliated with the federal government’s Home Affordable Modification Program (“HAMP”), a federally-funded mortgage assistance program that is part of the Troubled Asset Relief Program and is available to homeowners free of charge.

Samuel, the co-owner and operator of the Mortgage Modification Companies, purchased on behalf of those companies tens of thousands of “leads” containing names and contact information for homeowners who had fallen behind or were in danger of falling behind in making mortgage payments on their homes. Samuel, Blackwell—who held himself out as an attorney for the Mortgage Modification Companies despite not having a valid law license for most of the relevant period—and Gonzalez, a sales manager, instructed the companies’ sales representatives—who were responsible for calling, and answering calls from, struggling homeowners—to make materially false or misleading representations to convince prospective clients to pay upfront fees to the companies. Those false or misleading representations included that the Mortgage Modification Companies were associated with HAMP; that a mortgage modification was guaranteed and would take only approximately thirty to sixty days; and that the Mortgage Modification Companies would issue a full refund of the upfront fee to any client whose mortgage was not successfully modified in the stated time period. At the direction of Samuel, Blackwell, and Gonzalez, the Mortgage Modification Companies routinely refused to provide refunds to customers despite the fact that those customers did not obtain mortgage modifications as promised.

Samuel, Blackwell, and Gonzalez also personally met with and spoke directly to customers and told similar lies. They sought to cover up their fraudulent scheme by, among other things, directing sales representatives to assuage customers by falsely claiming that work was being done on the customer’s behalf and that the company just needed more time to obtain a mortgage modification, when, in fact, little or no work was being done to provide a mortgage modification to the customers. Samuel also made materially false and misleading statements in a deposition conducted by the New York State Attorney General’s Office in connection with an investigation of complaints by the Mortgage Modification Companies’ customers.

Lyons, Goldfaden, and Keys worked as sales representatives for the Mortgage Modification Companies. Schreiber was the co-owner of Company-1.

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Samuel, 32, of Richmond Hill, New York; Blackwell, 47, of Manhattan, New York; Gonzalez, 31, of Rosedale, New York; Lyons, 51, of Rockville Center, New York; and Goldfaden, 36, of East Rockaway, New York, are each charged with one count of conspiracy to commit wire fraud, and one count of wire fraud, each of which carries a maximum sentence of 20 years in prison.

Schreiber, 30, of Brooklyn, New York, pled guilty to one count of conspiracy to commit wire fraud and one count of wire fraud, and he faces a maximum sentence of 40 years in prison. Keys, 51, of Uniondale, New York, pled guilty to one count of conspiracy to commit wire fraud, and he faces a maximum sentence of 20 years in prison.

This matter is being handled by the U.S. Attorney's Office Complex Frauds Unit. Assistant U.S. Attorney Janis Echenberg is charge of the case.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit www.StopFraud.gov.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

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